

TOWN OF WAINWRIGHT
Financial Statements
Year Ended December 31, 2025

INDEX TO THE FINANCIAL STATEMENTS

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

INDEPENDENT AUDITOR'S REPORT

STATEMENT 1 - CONSOLIDATED STATEMENT OF FINANCIAL POSITION

STATEMENT 2 - CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

STATEMENT 3 - CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

STATEMENT 4 - CONSOLIDATED STATEMENT OF CASH FLOWS

NOTES TO THE FINANCIAL STATEMENTS

SCHEDULE 1 - SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS

SCHEDULE 2 - SCHEDULE OF TANGIBLE CAPITAL ASSETS

SCHEDULE 3 - SCHEDULE OF PROPERTY TAXES

SCHEDULE 4 - SCHEDULE OF GOVERNMENT TRANSFERS

SCHEDULE 5 - SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT

SCHEDULE 6 - SCHEDULE OF SEGMENTED DISCLOSURE



MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the Town of Wainwright is responsible for the accuracy, objectivity and integrity of the accompanying consolidated financial statements and all other information contained within this Financial Report. Management believes that the consolidated financial statements present fairly the Town's financial position as at December 31, 2025 and the results of its operations for the year then ended.

The consolidated financial statements have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards (PSAS).

The consolidated financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure the consolidated financial statements are presented fairly in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable assurance that transactions are properly authorized, and assets are properly accounted for and safeguarded.

These systems are monitored and evaluated by management and reliable financial information is available for preparation of the consolidated financial statements.

The Town Council carries out its responsibilities for review of the consolidated financial statements principally through its Finance and Administration Committee. This committee meets regularly with management and external auditors to discuss the results of audit examinations and financial reporting matters.

The external auditors have full access to the Finance and Administration Committee with and without the presence of management. The Town Council has approved the consolidated financial statements.

The consolidated financial statements have been audited by Isaman Chopek LLP, Chartered Professional Accountants, independent external auditors appointed by the Town. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Town's consolidated financial statements.

Chief Administrative Officer
March 17, 2026

Assistant Director of Finance
March 17, 2026

Town of Wainwright

1018 – 2 Avenue

Wainwright, AB T9W 1R1

780-842-3381

wainwright.ca

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Members of Council of the Town of Wainwright:

Opinion

We have audited the consolidated financial statements of the Town of Wainwright (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2025;
- the consolidated statement of operations and accumulated surplus for the year then ended;
- the consolidated statement of changes in net financial assets for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- supporting schedules for the year then ended; and
- notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Town of Wainwright as at December 31, 2025, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows and supporting schedules for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion of the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Isamar Chapel LLP

Wainwright, Alberta
March 17, 2026

Chartered Professional Accountants



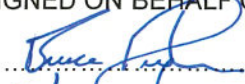
TOWN OF WAINWRIGHT


STATEMENT 1

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2025**

	<u>2025</u>	<u>2024</u>
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	14,432,787	19,989,842
Taxes and grants in lieu receivables (Note 3)	332,334	234,260
Receivables from other governments	1,243,093	2,159,537
Trade and other receivables (Note 4)	1,190,651	1,287,914
Inventory for resale (Note 5)	6,598,858	6,648,980
Investment in Gas Alberta Inc.	671	671
Investments (Note 6)	8,161,511	1,250,485
	<u>31,959,905</u>	<u>31,571,689</u>
LIABILITIES		
Accounts payable and accrued liabilities	1,505,662	1,203,771
Accrued wages and benefits	104,106	92,950
Deferred revenue (Note 8)	656,771	1,274,910
Deposit liability	12,350	12,950
Employee benefit obligations (Note 9)	530,709	415,790
Payable to other governments	460,858	868,253
Other current liabilities	205,848	325,846
Asset retirement obligation (Note 10)	822,436	806,310
Long term debt (Note 11)	7,478,462	1,750,000
Tax trust funds	19,107	18,557
	<u>11,796,309</u>	<u>6,769,337</u>
NET FINANCIAL ASSETS	<u>20,163,596</u>	<u>24,802,352</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	99,721,488	92,809,352
Prepaid expenses	210,966	35,800
	<u>99,932,454</u>	<u>92,845,152</u>
ACCUMULATED SURPLUS (Schedule 1, Note 14)	<u>120,096,050</u>	<u>117,647,504</u>

SIGNED ON BEHALF OF COUNCIL:

.....




MAYOR

CHIEF ADMINISTRATIVE OFFICER

TOWN OF WAINWRIGHT

STATEMENT 2

**CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
YEAR ENDED DECEMBER 31, 2025**

	Budget (Unaudited)	2025	2024
REVENUE			
Net taxes available for municipal purposes (Schedule 3)	7,731,929	7,730,761	7,274,770
Gain on sale of tangible capital assets	-	41,255	-
Government transfers for operating (Schedule 4)	1,745,967	1,767,772	1,794,913
Investment income	500,000	757,571	1,284,747
Licenses and permits	129,100	165,942	180,045
Other	121,962	105,392	897,896
Penalties and costs of taxes	90,000	143,572	122,609
User fees and sales of goods	10,299,410	11,074,107	10,198,024
TOTAL REVENUE	<u>20,618,368</u>	<u>21,786,372</u>	<u>21,753,004</u>
EXPENSES			
Council	301,996	263,874	271,715
General Administration	1,814,952	1,720,256	1,449,931
Police	1,707,434	1,725,464	1,520,638
Fire and Disaster Services	582,540	577,345	1,132,364
Emergency Services	54,256	54,256	34,287
Bylaw Enforcement	116,945	90,856	85,831
Common Services	796,982	954,052	940,371
Roads and Streets	1,571,298	2,376,061	2,230,811
Airport	37,325	76,430	86,384
Safety	156,569	142,540	127,543
Storm Sewers	158,425	450,292	502,589
Water Supply	2,872,404	3,277,766	3,395,229
Sanitary Sewage Service	642,321	936,000	770,082
Garbage Collection	406,349	391,369	509,533
Family and Community Services	363,487	363,487	363,487
Cemeteries	86,280	69,756	83,393
Municipal Planning	605,859	574,962	721,255
Subdivision Land	100,000	50,349	16,127
Parks and Recreation Board	115,168	109,624	101,594
Parks and Recreations Facilities	3,224,679	3,659,163	3,496,368
Culture	291,317	280,985	290,049
Gas Distribution	2,670,975	2,913,499	2,636,048
TOTAL EXPENSES	<u>18,677,561</u>	<u>21,058,386</u>	<u>20,765,629</u>
EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER	<u>1,940,807</u>	<u>727,986</u>	<u>987,375</u>
CAPITAL REVENUE			
Government transfers for capital (Schedule 4)	1,954,114	1,720,560	3,954,045
TOTAL CAPITAL REVENUE	<u>1,954,114</u>	<u>1,720,560</u>	<u>3,954,045</u>
EXCESS OF REVENUE OVER EXPENSES	3,894,921	2,448,546	4,941,420
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>117,647,504</u>	<u>117,647,504</u>	<u>112,706,084</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>121,542,425</u>	<u>120,096,050</u>	<u>117,647,504</u>

TOWN OF WAINWRIGHT

STATEMENT 3

**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
YEAR ENDED DECEMBER 31, 2025**

	Budget (Unaudited)	2025	2024
EXCESS OF REVENUE OVER EXPENSES	<u>3,894,921</u>	<u>2,448,546</u>	<u>4,941,420</u>
Acquisition of tangible capital assets	(12,240,684)	(10,165,242)	(8,732,262)
Contributed tangible capital assets	-	-	-
Proceeds on disposal of tangible capital assets	-	175,334	12,500
Amortization of tangible capital assets	-	3,119,027	2,930,903
(Gain) loss on sale of tangible capital assets	-	(41,255)	681,059
	<u>(12,240,684)</u>	<u>(6,912,136)</u>	<u>(5,107,800)</u>
Acquisition of prepaid assets	-	(210,966)	(35,800)
Use of prepaid assets	-	35,800	80,587
	<u>-</u>	<u>(175,166)</u>	<u>44,787</u>
DECREASE IN NET FINANCIAL ASSETS	(8,345,763)	(4,638,756)	(121,593)
NET FINANCIAL ASSETS , BEGINNING OF YEAR	<u>24,802,352</u>	<u>24,802,352</u>	<u>24,923,945</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>16,456,589</u>	<u>20,163,596</u>	<u>24,802,352</u>

TOWN OF WAINWRIGHT

STATEMENT 4

**CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2025**

	2025	2024
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenue over expenses (Statement 2)	2,448,546	4,941,420
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	3,119,027	2,930,903
(Gain) loss on disposal of tangible capital assets	(41,255)	681,059
Non-cash charges to operations (net change):		
(Increase) decrease in taxes and grants in lieu receivables	(98,074)	9,379
Decrease in receivables from other governments	916,444	559,710
Decrease in trade and other receivables	97,263	160,218
(Increase) decrease in prepaid expenses	(175,166)	44,787
Decrease in inventory for resale	50,122	17,276
Increase in accounts payable and accrued liabilities	301,891	735,907
Increase in accrued wages and benefits	11,156	22,489
Decrease in deferred revenue	(618,139)	(1,465,740)
Decrease in deposit liability	(600)	(1,594)
Increase in employee benefit obligations	114,919	39,750
(Decrease) increase in payable to other governments	(407,395)	141,204
Decrease in other current liabilities	(119,998)	(183,229)
Increase in asset retirement obligation	16,126	15,810
Increase in tax trust funds	550	902
Cash provided by operating transactions	5,615,417	8,650,251
CAPITAL		
Acquisition of tangible capital assets	(10,165,242)	(8,732,262)
Sale of tangible capital assets	175,334	12,500
Cash applied to capital transactions	(9,989,908)	(8,719,762)
INVESTING		
(Increase) decrease in restricted cash or cash equivalents	(27,376)	216,242
(Increase) decrease in investments	(6,911,026)	12,697,252
Cash (applied to) provided by investing transactions	(6,938,402)	12,913,494
FINANCING		
Long term debt issued	6,500,000	-
Long term debt repaid	(771,538)	(500,000)
Cash provided by (applied to) financing transactions	5,728,462	(500,000)
CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR	(5,584,431)	12,343,983
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	19,254,883	6,910,900
CASH AND CASH EQUIVALENTS, END OF YEAR	13,670,452	19,254,883

TOWN OF WAINWRIGHT

STATEMENT 4

**CONSOLIDATED STATEMENT OF CASH FLOWS, CONTINUED
YEAR ENDED DECEMBER 31, 2025**

	2025	2024
Cash and cash equivalents is made up of :		
Cash and temporary investments (Note 2)	14,432,787	19,989,842
Less: restricted portion of cash and temporary investments (Note 2)	<u>(762,335)</u>	<u>(734,959)</u>
	<u>13,670,452</u>	<u>19,254,883</u>

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Town of Wainwright are the representations of management and are prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board and as published by the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the town are as follows:

Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity.

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity. The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed.

Revenue is recognized in the period when the related expenses are incurred, services performed/goods provided or the tangible capital assets are acquired.

Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

Investments

Investments are recorded at cost. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

1. **SIGNIFICANT ACCOUNTING POLICIES - continued**

Requisition Over-levy and Under-levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

Land Inventory for Resale

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and leveling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as capital assets under their respective function.

Tax Revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred. Requisitions operate as a flow through and are excluded from municipal revenue.

Asset Retirement

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset at the financial statement date when there is a legal obligation for the town to incur retirement costs, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at year-end. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset. The asset retirement cost is amortized over the useful life of the related asset. Asset retirement obligations which are incurred incrementally with use of the asset are recognized in the period incurred with a corresponding asset retirement cost expensed in the period.

At each financial reporting date, the town reviews the carrying amount of the liability. The town recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. The town continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

1. **SIGNIFICANT ACCOUNTING POLICIES - continued**

Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return. Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the annual surplus, provides the consolidated change in net financial assets for the year.

Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

	<u>Years</u>
Buildings	25-50
Engineered structures	5-75
Gas distribution system	35-75
Machinery and equipment	5-40
Vehicles	10-25
Land Improvements	15-25

One-half of the annual amortization is charged in the year of acquisition. Assets under construction are not amortized until the asset is available for productive use.

Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and are recorded as revenue.

Cultural and Historical Tangible Capital Assets

Works of art for display are not recorded as tangible capital assets but are disclosed.

TOWN OF WAINWRIGHT

NOTES

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial Instruments

The Municipality initially measures all of its financial assets and liabilities at fair value.

The Municipality subsequently measures all of its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include accounts receivables.

Financial liabilities measured at amortized cost include bank loans, accounts payable and accrued liabilities.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the excess of revenue over expenses. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of reversal is recognized in the excess of revenue over expenses.

2. CASH AND TEMPORARY INVESTMENTS

	<u>2025</u>	<u>2024</u>
Cash	11,432,787	10,989,842
Temporary investments	<u>3,000,000</u>	<u>9,000,000</u>
	<u>14,432,787</u>	<u>19,989,842</u>

Temporary investments are short term deposits with maturities of three months or less. Included in the above balances are \$762,335 (2024 - \$734,959) of funds restricted in use.

3. TAXES AND GRANTS IN LIEU RECEIVABLES

	<u>2025</u>	<u>2024</u>
Current taxes and grants in lieu	209,619	143,369
Tax arrears and grants in lieu	<u>122,715</u>	<u>90,891</u>
	<u>332,334</u>	<u>234,260</u>

TOWN OF WAINWRIGHT

NOTES

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2025

4. TRADE AND OTHER RECEIVABLES

	<u>2025</u>	<u>2024</u>
Trade receivables	219,068	220,616
Utility receivables	904,083	999,798
Debenture due from Gas Alberta Inc., non-interest bearing, receivable in one lump sum, due when services provided to the Town are ceased.	<u>67,500</u>	<u>67,500</u>
	<u>1,190,651</u>	<u>1,287,914</u>

5. INVENTORY FOR RESALE

	<u>2025</u>	<u>2024</u>
Promotional clothing	6,099	5,872
Land	<u>6,592,759</u>	<u>6,643,108</u>
	<u>6,598,858</u>	<u>6,648,980</u>

6. INVESTMENTS

	<u>2025</u> <u>Cost</u>	<u>2025</u> <u>Market</u> <u>Value</u>	<u>2024</u> <u>Cost</u>	<u>2024</u> <u>Market</u> <u>Value</u>
Short term investments	7,758,615	7,758,615	802,823	802,823
Long term investments	<u>402,896</u>	<u>402,896</u>	<u>447,662</u>	<u>447,662</u>
	<u>8,161,511</u>	<u>8,161,511</u>	<u>1,250,485</u>	<u>1,250,485</u>

Short term investments have an effective interest rate of prime less 1.50% and mature in less than one year. At December 31, 2025 prime rate is 4.45%.

Long term investments consist of Vision Credit Union common shares to be paid out at a rate of 10% of the value every year until a balance of less than \$500 remains.

7. BANK INDEBTEDNESS

The Town of Wainwright has arranged \$2,000,000 in bank credit facilities bearing interest at prime rate less 0.25%, with the rate not to exceed 10%. The credit facilities are secured by the taxes levied by the Municipality. There was no balance on the credit facilities at December 31, 2025.

TOWN OF WAINWRIGHT

NOTES

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025**

8. DEFERRED REVENUE

	<u>2025</u>	<u>2024</u>
Alberta Municipal Water/Wastewater Partnership	-	70,490
Canada Community Building Fund	319,529	258,834
Fire Services Training Program	10,000	3,281
Local Government Fiscal Framework	257,194	897,305
Small Community Opportunity Program	<u>70,048</u>	<u>45,000</u>
	<u>656,771</u>	<u>1,274,910</u>

Alberta Municipal Water/Wastewater Partnership

No new funding was received or receivable during the year and \$50,350 was spent on projects, the contingency previously set up of \$20,140 was not required and therefore reversed.

Canada Community Building Fund

Funding in the amount of \$451,226 was received or receivable during the year. Interest in the amount of \$4,781 has been earned on the CCBF funds over the past year. During the year, \$395,312 was spent on projects.

Fire Services Training Program

Funding in the amount of \$10,000 was received during the year. During the year, \$3,281 was spent on projects. This grant covers eligible fire training courses which must be delivered by May 31, 2026 and paid in full by June 30, 2026.

Local Government Fiscal Framework

Funding in the amount of \$1,009,633 was received or receivable during the year from the Local Government Fiscal Framework (LGFF). Interest in the amount of \$20,467 has been earned on the LGFF funds over the past year. During the year, \$1,670,211 was spent on projects.

Small Community Opportunity Program

In the prior year, funding in the amount of \$90,000 was received and \$45,000 was spent on projects. That grant focused on addressing low-income barriers, houselessness, healthcare shortages, economic instability, poverty and a lack of newcomer supports in the community. The grant covered 90% of total project costs up to \$100,000 and had a term of March 31, 2024 to March 31, 2026. During the year, the remaining \$45,000 was spent on projects.

Funding in the amount of \$77,295 was received during the year. This grant will fund an economic development strategic plan, various marketing initiatives as well as some centennial clock celebration related expenses. The grant covers 90% of total project costs up to \$85,884 and has a term of March 31, 2025 to March 31, 2027. During the year, \$7,247 was spent on projects.

TOWN OF WAINWRIGHT

NOTES

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025**

9. EMPLOYEE BENEFIT OBLIGATIONS

Employee benefit obligations liability is comprised of the vacation and sick days that employees are deferring to future years. Employees have either earned the benefits or are entitled to these benefits within the next budgetary year.

	<u>2025</u>	<u>2024</u>
Accrued employee vacation	330,062	290,678
Accrued employee sick days	<u>200,647</u>	<u>125,112</u>
	<u>530,709</u>	<u>415,790</u>

10. ASSET RETIREMENT OBLIGATION

The Town of Wainwright lagoon, to which this asset retirement obligation relates was expanded and the existing infrastructure renewed and completed in 2023. The Town of Wainwright incurred 100% of the asset retirement obligation on acquisition and the remaining useful life of the lagoon is 45 years. The Town of Wainwright uses straight line amortization, with a half year taken in the year of acquisition. As at December 31, 2025, undiscounted expected cash flows that will be required to satisfy the asset retirement obligation are \$822,436. The discount rate used is the Bank of Canada's target inflation rate of 2%, to be remeasured annually.

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	806,310	790,500
Liabilities incurred	-	-
Accretion expense	<u>16,126</u>	<u>15,810</u>
Estimated total liability	<u>822,436</u>	<u>806,310</u>

TOWN OF WAINWRIGHT

NOTES

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025**

11. LONG TERM DEBT

	<u>2025</u>	<u>2024</u>
Tax supported debentures	<u>7,478,462</u>	<u>1,750,000</u>

The current portion of the long-term debt amounts to \$1,058,239 (2024 - \$500,000).

Principal and interest repayments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	1,058,239	266,387	1,324,626
2027	1,079,085	227,291	1,306,376
2028	850,708	187,429	1,038,137
2029	623,140	160,435	783,575
2030	646,410	137,165	783,575
Thereafter	<u>3,220,880</u>	<u>305,210</u>	<u>3,526,090</u>
	<u>7,478,462</u>	<u>1,283,917</u>	<u>8,762,379</u>

Debenture debt is repayable to the Federation of Canadian Municipalities and bears interest at 3.65% per annum and matures on June 28, 2028 and the Province of Alberta and bears interest at 3.70% per annum and matures on May 30, 2035.

Debenture debt is issued on the credit and security of the Town at large.

Interest on long term debt amounted to \$198,924 (2024 - \$77,361).

The Town's total cash payments for interest in 2025 were \$179,550 (2024 - \$77,563).

12. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Town of Wainwright are to be disclosed as follows:

	<u>2025</u>	<u>2024</u>
Total debt limit	32,679,558	32,629,506
Total debt	<u>7,478,462</u>	<u>1,750,000</u>
Amount of debt limit unused	<u>25,201,096</u>	<u>30,879,506</u>
Debt servicing limit	5,446,593	5,438,251
Debt servicing	<u>1,324,626</u>	<u>559,300</u>
Amount of debt servicing limit unused	<u>4,121,967</u>	<u>4,878,951</u>

TOWN OF WAINWRIGHT

NOTES

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2025

12. DEBT LIMITS – continued

The debt limit is calculated at 1.5 times revenue of the municipality excluding transfers from the governments of Alberta and Canada for the purposes of capital property (as defined in Alberta Regulation 255/2000) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

Total debt includes long-term debt less debt charges recoverable. Debt servicing includes principal and interest payments due on long-term debt in the 12 months subsequent to year-end less amounts that are recoverable.

13. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2025</u>	<u>2024</u>
Tangible capital assets (Schedule 2)	155,092,313	145,196,134
Accumulated amortization (Schedule 2)	(55,370,825)	(52,386,782)
Asset retirement obligation (Note 10)	(822,436)	(806,310)
Long term debt (Note 11)	<u>(7,478,462)</u>	<u>(1,750,000)</u>
	<u>91,420,590</u>	<u>90,253,042</u>

14. ACCUMULATED SURPLUS

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	<u>2025</u>	<u>2024</u>
Unrestricted surplus	6,050,114	5,549,615
Restricted surplus (Note 15)	22,625,346	21,844,847
Equity in tangible capital assets (Note 13)	<u>91,420,590</u>	<u>90,253,042</u>
	<u>120,096,050</u>	<u>117,647,504</u>

TOWN OF WAINWRIGHT

NOTES

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025**

15. RESTRICTED SURPLUS

Restricted surplus activities changed as follows:

	2025			2024
	Increases	Decreases	Balance	Balance
Administration	-	-	885,127	885,127
Arena	150,000	25,581	656,731	532,312
Cemetery	5,000	-	58,843	53,843
Common services	275,000	8,469	1,115,791	849,260
Communiplax	130,000	48,584	490,489	409,073
Fire equipment	140,000	-	511,048	371,048
Gas	-	169,397	1,701,682	1,871,079
General administration	50,000	-	401,526	351,526
Land development	705,698	571,154	6,970,150	6,835,606
Off-site costs	3,700	-	899,408	895,708
Parks	128,294	28,747	516,605	417,058
Parks equipment	128,333	95,394	313,427	280,488
Police	-	-	138,608	138,608
Public works special projects	150,000	332,777	2,012,626	2,195,403
Recreation facilities	-	-	715,886	715,886
Recreation special projects	-	-	22,000	22,000
Road maintenance	100,000	-	538,267	438,267
Safety initiative projects	31,000	154,368	390,992	514,360
Sewer expansion	200,000	272,673	1,487,415	1,560,088
Storm water	25,000	59,300	223,981	258,281
Waterline	350,000	25,082	2,574,744	2,249,826
	<u>2,572,025</u>	<u>1,791,526</u>	<u>22,625,346</u>	<u>21,844,847</u>

16. SEGMENTED DISCLOSURE

The Town of Wainwright provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

Refer to the Schedule of Segmented Disclosure (schedule 6).

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025**

17. SALARY AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for municipal officials, the chief administrative officer and designated officers, as required by Alberta Regulation 313/2000 is as follows:

	2025			2024
	Salary ¹	Benefits and Allowances ²	Total	Total
Mayor				
Bruce Pugh	36,824	2,069	38,893	37,513
Councilors				
William Challenger	22,412	1,212	23,624	24,001
Joshua Copeland	4,756	245	5,001	-
Bob Foley	18,436	41	18,477	22,685
Richard Fountain	21,632	1,165	22,797	21,479
Ariel Haubrich	21,782	1,174	22,956	21,660
Patrick Moroz	16,216	863	17,079	21,787
Carl Nemyo	4,756	245	5,001	-
Vince Saretsky	21,602	1,164	22,766	20,876
Chief Adm. Officer				
Karrie Gau	178,056	36,380	214,436	202,343

¹Salary includes regular pay, gross honoraria and any other direct cash remuneration.

²Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, and long-term disability plans.

18. LOCAL AUTHORITIES PENSION PLAN

Employees of the Town of Wainwright participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Public Sector Pension Plans Act. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenditures in the year in which they become due.

The Town of Wainwright is required to make current service contributions to the LAPP of 8.45% (2024 – 8.45%) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 11.65% (2024 – 11.65%) on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 7.45% (2024 – 7.45%) of pensionable salary up to the year's maximum pensionable salary and 10.65% (2024 – 10.65%) on pensionable salary above this amount.

Total current service contributions by the Town of Wainwright to the LAPP in 2025 were \$350,560 (2024 - \$342,857). Total current service contributions by the employees of the Town of Wainwright to the LAPP in 2025 were \$316,326 (2024 - \$304,834).

At December 31, 2024, the LAPP disclosed an actuarial surplus of \$19.557 billion.

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025**

19. COMMITMENTS

The Town has guaranteed a loan with Vision Credit Union Ltd. in the amount of \$627,500 on behalf of the Wainwright Golf and Country Club.

20. CONTINGENCIES

The Town of Wainwright is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of membership, the Town of Wainwright could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year of the settlement.

21. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash and temporary investments, accounts receivable, investments, accounts payable and accrued liabilities, employee benefit obligations, deposit liability and long-term debt. It is management's opinion that the Town is not exposed to significant interest or currency risks arising from these financial instruments.

The Town is subject to credit risk with respect to taxes and grants in lieu receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Town provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

22. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.

23. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

TOWN OF WAINWRIGHT

SCHEDULE 1

SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
YEAR ENDED DECEMBER 31, 2025

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2025 \$	2024 \$
BALANCE, BEGINNING OF YEAR	5,549,615	21,844,847	90,253,042	117,647,504	112,706,084
Excess of revenue over expenses	2,448,546	-	-	2,448,546	4,941,420
Unrestricted funds designated for future use	(2,572,025)	2,572,025	-	-	-
Restricted funds used for operations	366,262	(366,262)	-	-	-
Restricted funds used for tangible capital assets	-	(1,425,264)	1,425,264	-	-
Current year funds used for tangible capital assets	(2,239,978)	-	2,239,978	-	-
Contributed tangible capital assets	-	-	-	-	-
Disposal of tangible capital assets	134,079	-	(134,079)	-	-
Write down / transfer of tangible capital assets	-	-	-	-	-
Annual amortization expenses	3,119,027	-	(3,119,027)	-	-
Asset retirement obligation accretion expense	16,126	-	(16,126)	-	-
Long term debt repaid	(771,538)	-	771,538	-	-
Change in accumulated surplus	500,499	780,499	1,167,548	2,448,546	4,941,420
BALANCE, END OF YEAR	6,050,114	22,625,346	91,420,590	120,096,050	117,647,504

TOWN OF WAINWRIGHT

SCHEDULE 2

**SCHEDULE OF TANGIBLE CAPITAL ASSETS
YEAR ENDED DECEMBER 31, 2025**

	Land	Buildings	Engineered Structures	Gas Distribution	Machinery and Equipment	Vehicles	2025 \$	2024 \$
COST								
BALANCE, BEGINNING OF YEAR	4,957,165	19,884,410	108,814,012	3,688,340	4,912,432	2,939,775	145,196,134	137,309,380
Acquisition of tangible capital assets	375,000	38,219	7,993,700	255,272	198,570	48,775	8,909,536	8,271,979
Construction-in-progress	-	4,649	1,236,932	14,125	-	-	1,255,706	460,283
Disposal of tangible capital assets	-	-	(8,468)	(165,900)	(94,695)	-	(269,063)	(35,116)
Write down / transfer of tangible capital assets	-	-	-	-	-	-	-	(810,392)
BALANCE, END OF YEAR	5,332,165	19,927,278	118,036,176	3,791,837	5,016,307	2,988,550	155,092,313	145,196,134
ACCUMULATED AMORTIZATION								
BALANCE, BEGINNING OF YEAR	-	10,679,009	35,495,843	1,245,772	3,356,764	1,609,394	52,386,782	49,607,828
Annual amortization	-	400,987	2,180,247	118,455	249,736	169,602	3,119,027	2,930,903
Accumulated amortization on disposals	-	-	(4,341)	(94,261)	(36,382)	-	(134,984)	(35,116)
Write down / transfer of tangible capital assets	-	-	-	-	-	-	-	(116,833)
BALANCE, END OF YEAR	-	11,079,996	37,671,749	1,269,966	3,570,118	1,778,996	55,370,825	52,386,782
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	5,332,165	8,847,282	80,364,427	2,521,871	1,446,189	1,209,554	99,721,488	92,809,352
2024 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	4,957,165	9,205,401	73,318,169	2,442,568	1,555,668	1,330,381	92,809,352	

TOWN OF WAINWRIGHT

SCHEDULE 3

**SCHEDULE OF PROPERTY TAXES
YEAR ENDED DECEMBER 31, 2025**

	Budget (Unaudited)	2025	2024
TAXATION			
Property taxes			
- residential	6,693,257	6,693,257	6,307,954
- commercial	2,466,760	2,465,592	2,277,529
- industrial	1,158,998	1,158,998	1,092,473
- farmland	1,054	1,054	1,008
- electric power	156,459	156,459	147,623
- pipeline	55,715	55,715	51,934
- cable television	13,406	13,406	14,917
- machinery and equipment	103,791	103,791	96,674
Government grants in place of property taxes			
- federal	9,575	9,575	9,284
- provincial	36,428	36,428	34,297
	<u>10,695,443</u>	<u>10,694,275</u>	<u>10,033,693</u>
REQUISITIONS			
School Foundation Fund	2,328,742	2,328,742	2,171,771
Wainwright East Central Catholic	472,903	472,903	427,410
Battle River Foundation	160,439	160,439	158,235
Provincial Designated Industrial Properties	1,430	1,430	1,507
	<u>2,963,514</u>	<u>2,963,514</u>	<u>2,758,923</u>
NET MUNICIPAL TAXES	<u>7,731,929</u>	<u>7,730,761</u>	<u>7,274,770</u>

TOWN OF WAINWRIGHT

SCHEDULE 4

**SCHEDULE OF GOVERNMENT TRANSFERS
YEAR ENDED DECEMBER 31, 2025**

	Budget (Unaudited)	2025	2024
TRANSFERS FOR OPERATING:			
Federal government	456,720	427,033	423,647
Local government	439,303	449,307	416,102
Provincial government	849,944	891,432	955,164
	<u>1,745,967</u>	<u>1,767,772</u>	<u>1,794,913</u>
TRANSFERS FOR CAPITAL:			
Federal government	-	-	-
Local government	50,000	-	-
Provincial government	1,904,114	1,720,560	3,954,045
	<u>1,954,114</u>	<u>1,720,560</u>	<u>3,954,045</u>
TOTAL GOVERNMENT TRANSFERS	<u>3,700,081</u>	<u>3,488,332</u>	<u>5,748,958</u>

TOWN OF WAINWRIGHT

SCHEDULE 5

**SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT
YEAR ENDED DECEMBER 31, 2025**

	Budget (Unaudited)	2025	2024
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	6,589,997	6,326,390	6,075,010
Contracted and general services	3,036,286	2,506,499	2,788,345
Materials, goods and utilities	4,359,213	4,312,188	3,953,715
Provision for allowances	8,520	8,633	13,791
Transfers to local boards and agencies	730,349	730,349	723,757
Bank charges and short-term interest	16,400	12,824	4,634
Interest on long term debt	192,026	198,924	77,361
Purchases from other governments	3,744,770	3,827,426	3,501,244
Amortization of tangible capital assets	-	3,119,027	2,930,903
Accretion of asset retirement obligation	-	16,126	15,810
Loss on sale of tangible capital assets	-	-	681,059
	<u>18,677,561</u>	<u>21,058,386</u>	<u>20,765,629</u>

TOWN OF WAINWRIGHT

SCHEDULE OF SEGMENTED DISCLOSURE
YEAR ENDED DECEMBER 31, 2025

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Gas Distribution	Other	Total \$
REVENUE									
Net municipal taxes	7,730,761	-	-	-	-	-	-	-	7,730,761
Operating government transfers	-	517,222	581,593	80,000	248,375	21,523	-	319,059	1,767,772
User fees and sales of goods	74,753	334,024	705,687	728,095	906,665	4,840,587	3,451,159	33,138	11,074,107
Investment income	757,571	-	-	-	-	-	-	-	757,571
Penalties and costs of taxes	115,035	-	-	-	-	5,745	22,792	-	143,572
Other revenue	93,097	45,213	(4,127)	74,225	75,620	-	28,361	200	312,589
	8,771,217	896,459	1,283,153	882,320	1,230,660	4,867,855	3,502,312	352,397	21,786,372
EXPENSES									
Contract & general services	676,092	149,758	329,812	216,156	495,204	470,100	167,088	2,289	2,506,499
Salaries, wages & benefits	1,155,564	702,140	936,026	367,506	1,954,036	550,060	603,173	57,885	6,326,390
Materials, goods & utilities	51,628	131,176	894,535	39,283	800,662	365,900	2,024,518	4,486	4,312,188
Purchases from other governments	-	1,464,120	-	2,366	-	2,360,940	-	-	3,827,426
Transfers to local boards	41,500	-	-	-	271,106	-	-	417,743	730,349
Long-term debt interest	-	-	-	-	-	198,924	-	-	198,924
Other expenses	15,223	-	-	-	5,518	16,577	265	-	37,583
	1,940,007	2,447,194	2,160,373	625,311	3,526,526	3,962,501	2,795,044	482,403	17,939,359
NET REVENUE, BEFORE AMORTIZATION	6,831,210	(1,550,735)	(877,220)	257,009	(2,295,866)	905,354	707,268	(130,007)	3,847,013
Capital government transfers	-	-	318,359	-	-	1,402,201	-	-	1,720,560
Amortization expense	(44,123)	(89,011)	(1,246,170)	-	(523,246)	(1,092,926)	(118,455)	(5,096)	(3,119,027)
NET REVENUE	6,787,087	(1,639,746)	(1,805,031)	257,009	(2,819,112)	1,214,629	588,813	(135,103)	2,448,546